

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
OCTOBER 30, 1996
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on October 30, 1996 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Byron G. Cudmore, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey, Kevin Lockhart and Thomas Swoik, Chief Legal Counsel Mareile' B. Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:30 a.m. Member Cudmore was delayed until 11:00 a.m. due to a delay in his airline flight. Member Pyatt moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending and Probable Litigation Matters**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Vickrey seconded the motion. The Board adopted the motion by unanimous consent.

The Board reconvened in Open Session at 12:47 p.m.

Board Minutes

Member Vickrey moved **that the Board approve the minutes from the open and closed sessions of the September 17, 1996 regular meeting.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey moved that all portions of closed meeting minutes of the Illinois Gaming Board prior to April, 1996, for which the need for confidentiality no longer exists, be made available for public inspection as required by the Open Meetings Act. Member Browder seconded the motion. The Board adopted the motion by unanimous consent.

Chairman's Report

Chairman Johnson announced a new item on the agenda. The "Chairman's Report" will be given at the beginning of each Board meeting. Items covered under the report will include announcements of upcoming events or Board business items as well as acknowledgment of recent developments. Chairman Johnson announced the proposed meeting dates for 1997. (January 28, February 25, March 18, April 22, May 20, June 17, July 15, no meeting for August, September 16, October 21 and a combined November/December meeting of December 2.) He solicited input from members and the public related to conflicts with these proposed meeting dates. The Chairman announced that the Board would consider the Boyd acquisition of Par-A-Dice Gaming Corporation at its December 3 meeting. He also indicated the Board is expected to meet over dinner on the evening of December 2.

The Chairman discussed the arrest and conviction of a crew of slot thieves. He noted the involvement of agency staff in the prosecution. The Chairman also commented on an article run by the Chicago Sun-Times that focused on a stock option transaction discussed by the Board in a closed session meeting in April 1994. He expressed that the Board (in 1994) reached an appropriate decision on the matter. He commented further that the Board has taken steps subsequent to the 1994 decision to strengthen its oversight of ownership-related issues.

Chairman Johnson asked the Administrator to summarize, for the upcoming legislative veto session, the findings from the economic impact conference held September 18 and the implications of this information as concerns expansion of gaming in Illinois.

Administrator's Report

Administrator Belletire summarized the following monthly statistical reports: Adjusted Gross Receipts, Underage Patrons, Cruise Disruptions/Cancellations and Credit Issuance. He noted that the Board authorized "waiver" of cruising requirements at the Par-A-Dice for "preventive maintenance" was handled in a timely fashion by the licensee. Administrator Belletire also stated that staff will be examining more closely the issuance of credit.

Administrator Belletire announced that Member Vickrey attended the opening of the Par-A-Dice hotel and that Boyd Gaming is managing the hotel under a short term contract with Par-Dice Gaming Corporation.

The Administrator reported: on surveys distributed to employees of Illinois' riverboat casinos; a change in the Circus Circus Board of Directors; a change in management at the Alton Belle; the expiration of the comment period on the comprehensive Rules

submission initiated by the Board last summer; recently initiated shareholder lawsuits involving Key Persons in Illinois; and, a requested transfer of ownership interest in the Rock Island Boatworks.

The Administrator also reported on:

- Staff work on the FY'98 budget request.
- A request by the Department of Public Aid for IGB assistance in assuring that occupational licensees are current in their child support obligations.
- Level 1 applicants that have withdrawn their applications.
- Staff efforts to bill licensees for past (and as yet unbilled) background investigation costs.

Owner Licensees

ALTON GAMING COMPANY - Administrator Belletire gave a report on the renewal of the Alton Belle. He stated that Alton is the first applicant to be renewed using the revised owner renewal application. Steve Norton, representing Argosy Gaming Corporation, answered questions posed by members of the Board.

Chairman Johnson asked if it is normal procedure for Alton to charge interest on the advance of cash made in the form of inter-company receivables. Mr. Norton advised the Chairman that he would find out the answer and report back to the Board in writing. Chairman Johnson also asked for a status on Argosy's (Lawrenceberg) Indiana opening. Mr. Norton stated that they are awaiting final approval from the Corps. of Engineers. An early December opening is anticipated. Mr. Norton concluded by reporting on several projects Argosy is working on to improve their site in Illinois.

Member Pyatt moved **that the Board renew the Owner's license of Alton Gaming Company for a period of one year commencing in October, 1996. In renewing the Owner's license, the Board notes the following:**

1. **Alton must continue to work with the Audit staff to correct deficiencies in the areas outlined in the September, 1996 audit and provide documentation to the staff evidencing such compliance.**
2. **Commitments made by Alton's management for improvements in Alton's dining and pavilion facilities and to its vessel should be financed and undertaken during this licensure period.**
3. **Alton should make further efforts to patronize Illinois businesses.**

4. Alton's cooperation is sought in the conducting and financing of studies of the economic impact of gaming.

Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensees

UNIVERSAL DISTRIBUTING OF NEVADA, INC. - Administrator Belletire reported that staff recommend lifting the restriction placed earlier this year on the licensee, related to Universal's failure to submit specific financial documents.

Member Browder moved that

WHEREAS, in June of 1996, the Board in conjunction with the renewal of licensure, issued a restriction on the license of Universal Distributing of Nevada; and

WHEREAS, the license restriction prohibited Universal from selling its products to owner licensees until such time as Universal had complied with certain of the Board's disclosure requirements; and

WHEREAS, Universal has now complied with these requirements.

NOW, THEREFORE BE IT RESOLVED that the restriction is hereby lifted and Universal is permitted to sell its products to owner licensees.

Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey noted his displeasure in not having a representative of the licensee present when Board action is being taken. Member Cudmore concurred. Member Pyatt asked if the licensee is sent an agenda or notified that Board action is pending. Administrator Belletire responded that generally the licensee is notified.

BALLY GAMING, INC. - David Johnson, representing Bally Gaming, Inc., requested renewal of their supplier's license.

Member Cudmore moved that the Board approve Bally Gaming Inc.'s application for renewal of its Supplier's license for a period of one year expiring October, 1997. In renewing the license, the Board notes the following:

- 1. Bally must make further efforts to keep Staff of the Board apprised of any material changes involving the company; and**
- 2. Bally must be more diligent in submitting required reports and applications accurately and on a timely basis.**

Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

PROGRESSIVE GAMES, INC. - Administrator Belletire stated that a recent change in Board policy now requires that shuffler machines be licensed in Illinois. He indicated that staff had completed a review of a shuffle machine to be sold by Progressive Games.

Member Browder moved **that the Board approve the addition of the Quick Draw Shuffler to the list of approved gaming equipment which Progressive Games, Inc. is authorized to lease or sell to licensed Illinois riverboat casinos.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Board members again noted that no company representative was present to respond to Board questions.

Occupational Licensees

Member Vickrey moved **that the Board approve 170 applications for an Occupational License, Level 2, and 301 applications for an Occupational License, Level 3, and deny 3 applications for an Occupational License, Level 2, and 4 applications for an Occupational License, Level 3.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearings/ALJ Reports

Member Cudmore moved **that the Board, having reviewed the administrative record, adopt the Findings of Fact and the Conclusions of Law as stated in the recommendation of the Administrative Law Judge, and grant George Lewis a level 1 Occupational license.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the Board, having reviewed the administrative record, adopt the Findings of Fact and Conclusions of Law as stated in the recommendation of the Administrative Law Judge and deny the application of Jefferey Harbor for a level 3 Occupational license.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey moved **that the Board deny the hearing requests of Maureen Swiatek and Darnell Williams in that the requests fail to comply with Board Rule 3000.405.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Complaints and Disciplinary Actions

Member Pyatt moved **that the complaint for disciplinary action against Justin McLurkin be issued and that his license be revoked.** The complaint involves Mr.

McLurkin's unauthorized removal of United States currency from bill validators. Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the complaint for disciplinary action against Christina Stewart be issued and that her license be revoked. The complaint involves Ms. Stewart's unauthorized removal of United States currency from bill validators.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the complaint for disciplinary action against Terry Foster be issued and that his license be revoked. The complaint involves Mr. Foster's disorderly conduct while at the Empress River Casino-Joliet.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the complaint for disciplinary action against Derrick Reid be issued and that his license be revoked. The complaint involves Mr. Reid's failure to comply with Harrah's Internal Control system and his failure to accurately disclose his reason for leaving Harrah's in a subsequently filed application for an Occupational License.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the complaint for disciplinary action against Craig Travers be issued and that he be given a formal reprimand for his failure to comply with Board Rules and Casino Queen's Internal Control system.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Board Policy Discussion Items

WIDE AREA PROGRESSIVE SLOTS ("WAPS") - Administrator Belletire reported that staff conferred with various individuals in Louisiana and Mississippi regarding the technical aspects of WAPS. Staff also visited casinos in these states to gain first hand knowledge on how the system overall is viewed by the licensees. He noted a written report was provided to the Board. The Administrator queried the Board on their positions regarding WAPS. He suggested that the Board consider one of three basic options: disallow WAPS; specify Board standards for WAPS; or, allow WAPS on a "case by case" basis.

Member Browder stated that he does not see a significant demand for progressive machines. He also stated his concern for the effect of these machines on the compulsive gambler.

Member Cudmore stated his concern with Illinois being at a competitive disadvantage with states that allow these systems. He asked Administrator Belletire what the status is in the surrounding states in regards to WAPS. Mr. Belletire believes none of the mid-

western states, until last month, had considered WAPS. He indicated Missouri is moving to authorize WAPS.

Chairman Johnson asked questions regarding the fee structure, extended payout of winnings and external advertising/marketing of this system. Michael Ficaro, representing IGT, responded to this and other Board concerns.

Member Pyatt asked if the staff found Louisiana and Mississippi to have a competitive edge due to WAPS. Staff investigator Allan McDonald reported on his findings, one of which is that in both states licensees felt that not using WAPS would place them at a disadvantage.

Member Vickrey commented on the staff report and was pleased to see that the technical aspect and reliability of the machines received high marks. He further stated that he feels Illinois would be at a competitive disadvantage if the border states had this system and Illinois licensees could not.

Chairman Johnson queried the Board to find if they should move forward regarding WAPS. Member Browder is against further study in this area. Member's Cudmore, Pyatt and Vickrey would like to continue exploring WAPS. Chairman Johnson stated he is not comfortable with the current proposal from IGT and would like a clearer understanding of the responsibility for jackpot payments and believes modifications are needed in the fee structure, the annuity structure, and in oversight of the computer system and external advertising.

The Board also asked the Administrator to consider the issues raised, meet with IGT and report back to the Board with recommendations.

ATM/CREDIT CARD ADVANCES - Administrator Belletire updated the Board on the issue of ATM and credit card advances. He reported that owner licensees were queried and asked to respond to a set of questions. Andy Duggan of Harrah's, representing eight of the ten owner licensees, summarized the position of the Illinois Casino Gaming Association's, ad hoc Credit Task Force.

Board Members stressed concern for, and asked questions about, significant charges for ATM and credit card advance transactions. Mr. Duggan stated that the bank and owner operators providing these services incur significant costs. He further stated that the owner licensees are not making a large profit from these types of transactions. Mr. Duggan stated that the patron acknowledges all service charges before funds are dispensed.

Chairman Johnson reiterated his concern with market rates for services rendered. He does not want to see higher fees charged at riverboats than are charged for similar services at non-gambling businesses.

POKER - Administrator Belletire stated that an owner licensee has requested that Poker become an approved gambling game. Surveys from other gaming jurisdictions and owner-licensees were provided to the Board.

Fred Renzey, a media columnist and advocate of poker, requested that the Board consider approving Poker as a gambling game in Illinois. He provided the Board with information supportive of his position. Chairman Johnson deferred further discussion/action of this topic until the December Board meeting.

SUPPLIER RULE/FINAL APPROVAL - Member Browder moved **that the Board approve the final submission of Board Rules 3000.240, 3000.241, 3000.242 and 3000.243 with the Secretary of State**. Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

LEGISLATIVE INITIATIVE - Administrator Belletire asked the Board to approve distribution of IGB proposed legislation to legislative leadership.

Member Pyatt moved **that the Board authorize the Administrator to go forward with the proposed legislation and distribute it to the legislative leadership**. Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

There being no further business to come before the Board, Member Pyatt moved **that the Board stand adjourned**. Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 3:25 p.m.

Respectfully Submitted,

Susan A. Offord
Secretary of the Board